



Top Message

Celebrating its 120th anniversary, the Noritake Group takes a new step forward. We will continue to take on challenges to achieve our vision.

Representative Director and President

A. Higashiyama

Assuming the Presidency

On January 1, 2024, we celebrated our 120th anniversary. I would like to take this opportunity to thank all of our stakeholders, including customers, shareholders, and other stakeholders who have supported the Noritake Group to date.

I assumed the position of president as of April 1, 2024. As the world changes at an extremely rapid pace, the Noritake Group must respond quickly to changes in society and actively pursue reform.

Looking back, when I first joined the company, I was engaged in dealing with equipment such as mixing and stirring machines. Since it was a new business at that time,

I have been responsible for all aspects from manufacturing, sales, and technology while learning on the job. No matter the situation, I always took my job and myself as "I am the one to be responsible here". Coming up new products and cultivating new markets never came without difficulties, but completing such tasks also brought great joy.

This experience of taking on challenges without fear of failure has become the foundation of who I am today. Making the most of what I have cultivated over the years, I am committed to ensuring that the Noritake Group continues to grow and be a company that contributes to society.

Transformation for Further Growth

The Noritake Group has designated three business fields as its growth areas—the environment, electronics, and well-being. We are advancing "concentration in core competence" and is transitioning from our conventional fundamental business fields (internal combustion engines, ceramics, etc.) to advance the reform of our business portfolio. In fiscal 2023, we made significant investments aimed to increase the production of electronic component raw materials for multi-layer ceramic capacitors and heating

furnaces for lithium-ion batteries. We will continue to enhance our corporate value through a virtuous cycle of profits and investments.

We are determined to advance our transformation for further growth of the Noritake Group. To achieve this, we are enhancing our speed and response to change specifically through three initiatives: corporate innovation, cultivating new business, and organizational culture reform.

Three Approaches to Improve Our Speed and Response to Changes

In order to sustain and develop the Noritake Group into the future, we must transform ourselves in line with changes in the world. While tradition must be valued, I have a strong fear that if we stick to our conventional manner, we may fail to respond timely to changes in the world. For this reason, we will first engage in "corporate innovation." Aiming to be a vibrant Noritake Group, we will steadily implement necessary measures for Noritake, including creation of a better working environment through system changes, facility and equipment upgrades, and reorganization of workplaces (Wellness Factories) as a means of creating a comfortable working environment for improving employee engagement.

Our second approach is "cultivating new business." From

the development stage of a business to commercialization, we will work on two axes: creating a cross-organizational structure that brings together the knowledge of the entire Group, and breaking away from self-reliance, such as collaborating with other companies and public institutions.

In the past, development at Noritake has been conducted vertically by each section. If we were trapped in the conventional organizational structures, new innovative products or technologies would be difficult to emerge. To create new products, it is essential that every employee work with their own initiatives and maximize their capabilities. Therefore, we have gathered the appropriate human resources from across the organization and started building

a system that enables us to create new products through an optimal process, bringing knowledge of manufacturing, sales, and engineering together from the development stage. It can often take five or ten years to bring a new product to market. It requires tenacity to take on a variety of challenges. We need to point out the potential new products and nurture them one by one at its right time. At the same time, the current business climate demands speed above all else.

Thus, we will break with our conventional culture of self-reliance, and advance efforts to accelerate development speed and anticipate the needs of the times by collaborating with external resources.

The third approach is "organizational culture reform." Aiming to be a company that adapts to a changing society, we will create an organizational culture in which challenges are evaluated. Noritake has always been a company with a mild corporate culture that responds to customer requests

with sincerity. While protecting the excellence of Noritake, we believe that developing human resources who take on new challenges and move forward with a sense of speed will contribute to the company's growth. To this end, we have introduced a new personnel system with the keyword: challenge. We aim to create a virtuous cycle in which the company grows by evaluating the attitude of employees who take on challenges even if they experience failures and encourage them to use their experiences as a means for personal growth. We aim for a virtuous cycle where the employees and the company grow together as a result. We also aim to transform ourselves into a company where every employee can have even greater dreams than they have today.

While the path Noritake will take is by no means flat, we will steadily advance these three approaches as a driving force of our growth.

The 12th Three-year Business Plan (Fiscal 2022 to 2024)

Review of Fiscal 2023 and Business Overview

As economic activities normalized, the domestic economy in fiscal 2023 experienced a moderate recovery, with a gradual increase in consumer spending and steady capital investment while corporate profits improved. Overseas, the U.S. economy expanded as consumer spending remained strong despite a rise in policy interest rates due to high inflation. In China, recovery stalled due to the downturn in the real estate market, while Europe experienced stagnation. Although a gradual recovery is expected to continue in Japan, the global economic outlook remains uncertain due to factors such as global financial tightening, the upcoming U.S. presidential election, the slowdown in the Chinese economy, and heightened geopolitical risks surrounding the situation in Ukraine and the Middle East.

Under these circumstances, despite a decrease in sales compared to the previous year, our Group's performance in fiscal 2023 increased due to an improvement in the profit margin and the effect of the yen's depreciation, resulting in a record high consolidated ordinary profit. Nevertheless, changes in social conditions and other factors that were

unforeseen at the time of formulating the 12th Three-year Business Plan had a significant impact, and there were many areas where progress was not made as planned in each of our businesses. Therefore, we reaffirmed the importance of responding with a sense of urgency to changes in the world.

Progress of the 12th Three-year Business Plan

Looking ahead to fiscal 2030, the 12th Three-year Business Plan, which covers the three years from fiscal 2022 to 2024, is positioned as a period for enhancing the revenue base and preparing for growth areas. To strengthen our revenue base, we will restructure unprofitable products and businesses, improve profitability and rationalize operations. To prepare for growth areas, we are working to increase production, expand sales, and strengthen our management base.

We will strengthen our management base by advancing company-wide initiatives under four themes: creation of new businesses, organizational culture reform, establishment of a sustainability management system, and promotion of digital transformation.

1. Creation of New Businesses

We will search for new business themes on a company-wide basis and establish a commercialization process that will lead to the creation of new businesses.

In fiscal 2023, to accelerate the search for development themes at the company-wide level, we initiated a proposal system that invites development themes from all employees and began operating the Stage-Gate system, a new development process for commercialization. Additionally, we will work firmly to create new businesses, including developing new products, expanding applications of existing technologies, exploring new markets, and establishing a framework for promoting open innovation. Going forward, we will solidify and improve the commercialization processes, including the development theme proposal system, and enhance our open innovation

framework. By strengthening collaborations with public institutions, startups, partner corporations and other companies, we will further accelerate the speed of our efforts towards creating new businesses.

2. Organizational Culture Reform

In order to realize the organizational culture for the long-term vision for fiscal 2030 (ideal target), we are promoting the development of a personnel system and work style reforms to foster a challenging spirit for employees and improve their engagement.

We revised our personnel system in fiscal 2023 and introduced it in April 2024. The three pillars of the new personnel system are: (1) fostering an organizational culture that encourages employees to take on challenges, (2) developing a system that rewards employees for their

contributions, and (3) promoting the active participation of diverse human resources. To achieve these, we revised our evaluation system to encourage employees to take on challenges, enabled the early promotion of talented individuals, and raised the retirement age. In addition, we conducted an engagement survey for all employees, and began using the results to set issues and plan measures. We will now work to establish the new personnel system to foster a challenging spirit for employees and aim to enhance engagement through promoting work style reforms and other measures.

3. Establishment of Sustainability Management System

To resolve social issues to realize a sustainable society, we have established a sustainability management system and promote various initiatives, including achievement of carbon neutrality and response to risks such as climate change.

In April 2023, we established the Sustainability Management Committee and launched a management structure that promotes initiatives oriented towards materiality based on the Sustainability Fundamental Policy. In April 2024, we added a Risk Management Committee under this committee to identify risks of high importance to the Noritake Group and to formulate specific countermeasures.

In fiscal 2024, we will continue our efforts to achieve the targets set with respect to our materialities, while reviewing our materialities and setting new medium- to long-term targets.

4. Promotion of Digital Transformation (DX)

In order to improve productivity and technological capabilities and to enhance customer responsiveness, we will establish a DX promotion system and promote process innovations utilizing digital technologies.

In fiscal 2023, to strengthen the foundation for promoting business process reforms utilizing digital technologies, we initiated process improvement using visual representation of processes and data, along with a development program for "DX Promotion Leaders" who will serve as core personnel. In the future, we will set up a DX Promotion Committee to develop a DX promotion system to solve issues toward realizing our Long-term Vision (ideal target) and will continue to strive to reform business processes using digital technologies and cultivate DX human resources.

Initiatives in Growth Area

We have designated the environment, electronics, and well-being as growth areas and are implementing various strategies for these.

In the environment area, we are expanding sales of tools for EV-related parts, building business models related to the circular economy, and advancing new business development in the battery sector. In the electronics area, we are expanding into the electronics and semiconductor sectors to which we made additional investments in fiscal 2023 and are working on developing next-generation products. In the well-being area, we are developing grinding wheels for syringe needles and equipments for medical and cosmetic fields. We also provide tableware with special shape and texture to light up the dining space.

Enhancement of Human Capital

In pursuit of realizing the Noritake Group's long-term vision, we redefined the human resource profile required for executing business strategies, defined our targeted talent portfolio, and formulated a new human resource strategy. In fiscal 2024, in line with this human resource strategy, we began to plan and implement specific measures in recruitment and human resource development. In addition to developing and strengthening our existing human

resources, we will focus more on securing new human resources to achieve our targeted talent portfolio. Additionally, to improve employee engagement, we took measures to strengthen our human capital and improve our infrastructure. For example, we have revised our personnel system, introduced a talent management system, and taken other steps.



Management with an Awareness of Capital Return

To achieve sustainable growth and enhance corporate value over the medium to long term, it is necessary to practice management with an awareness of capital cost and return.

In our 12th Three-year Business Plan, we have set a target return on equity (ROE) of 9% for fiscal 2024 and have been working to generate profits that exceed the cost of shareholder equity. From fiscal 2024, we will set targets for return on invested capital (ROIC) for each business segment and advance measures to further enhance capital return, while also appropriately allocating management resources by reviewing our business portfolio.

The price-book value ratio (PBR) improved significantly in fiscal 2023, but has remained below one, and we recognize the need for improvement at an early stage. We will proceed with the transition to growth areas determined in the 12th Three-year Business Plan. We are also working to improve capital efficiency through the reduction of cross-shareholdings and strengthening investor relations activities. Furthermore, we work to expand information disclosure, such as publishing the information in English. We will continue to practice management with an awareness of capital costs and stock prices to achieve sustainable growth and increase corporate value.

Strengthening Corporate Governance

In fiscal 2023, we recognized the strengthening of corporate governance as an issue to be addressed to improve the effectiveness of the meeting of the Board of Directors. We worked on the following issues: revision of our business portfolio based on capital costs; investment in human capital based on long-term strategy, and development and execution of a human capital strategy; and strengthening risk management.

With respect to revision of our business portfolio considering capital costs, the progress of the Three-year Business Plan and the transition of the business portfolio are reported regularly to the meeting of the Board of Directors.

Regarding investment in human capital based on long-term strategy and formulation and execution of a human resource strategies, we have quantitatively identified the state of our current talent portfolio considering the image of necessary human resources we require. We are also promoting disclosure of human capital to realize a business strategy for our Long-term Vision for 2030.

For strengthening risk management, we have conducted an

analysis and evaluation of risks surrounding our Group and identified high-priority risks. The Risk Management Committee established in April will formulate specific countermeasures for such high-priority risks.

Regarding executive compensation, we introduced an annual performance-linked stock compensation system from fiscal 2024 with the aim of encouraging stock ownership, motivating Executive Officers to achieve higher performance, and heightening their awareness of their contribution to increased shareholder value.

All these initiatives are reported and discussed at the meeting of the Board of Directors, and we work to implement them appropriately and reliably.

The status of dialogues with shareholders at earnings announcements, IR meetings, and individual interviews is also fed back to the meeting of the Board of Directors on a regular basis to be appropriately reflected in management and to lead to sustainable growth and enhance corporate value over the medium to long term.

To Our Stakeholders

The Noritake Group regards the return of profits to shareholders as a key management policy. From the interim

dividend with a reference date of September 30, 2023, we have added a consolidated dividend payout ratio of 30% or

more for the full year to our existing policy of “stable dividends over the long term.” Based on this dividend policy, the year-end dividend for fiscal 2023 was 130 yen per share (combined with the interim dividend, the annual dividend was 250 yen).

Additionally, to improve the liquidity of our shares and expand our investor base, we implemented a two-for-one stock split of ordinary shares with an effective date of April 1, 2024, to reduce the investment unit price.

To mark the occasion of our 120th anniversary, we changed our Japanese corporate name in July 2024. Since our founding, we have been providing products in a wide range of fields, from automobiles and steel to electronic components and battery materials, with ceramics-related technologies at the core. This name change unifies the widely familiar brand name “Noritake” with our corporate

name, aiming to further enhance brand recognition and express our determination to expand business further and increase corporate value towards realizing our Long-term Vision (ideal target). For the purpose of achieving our long-term vision of becoming a driving force essential for today’s changing society, we will steadily advance the three initiatives described at the beginning: corporate innovation, cultivating new business, and organizational culture reform.

The Noritake Group has made a significant step toward the future. We sincerely listen to the opinions of our stakeholders—shareholders, customers, business partners, employees, and local communities—and steadily advance reforms one step at a time by taking on challenges. We look forward to your continued support.

